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Tajikistan, Republic of

Cotton and Products

Annual

2005

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Report Highlights:

Tajikistan's 2005 cotton production is expected to be lower than last year. Cold and wet weather during the spring delayed planting. Inputs remain problematic. Exports are expected to decrease due to the lower production. Russia remains the primary market for Tajik cotton.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
Annual Report
Ankara [TU1]
[TI]

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Executive Summary

Tajikistan's 2005 cotton production is expected to decrease due to less planted area and poor weather conditions, which delayed planting and required re-sowing of some fields. The maturation of plants has been delayed 8 – 12 days. Weather will play a major factor in final production levels. Good weather conditions during the harvest could benefit overall production. The lack of good quality inputs remains a problem. Exports are expected to decrease as a result of the drop in production. Russia remains primary market for Tajik cotton.

Production

Cool and wet weather in early spring delayed cotton sowing in Tajikistan. As a result of the heavy rains, about 28 THA had to be replanted. In addition, the average temperature during the early germination period was lower than normal, which consequently delayed maturation of plants for about 8-12 days. This may result in a delayed harvest in some areas and possible lower quality due to damage from autumn precipitation. Total planted area is expected to decrease in MY 05/06. Although the planned planted area is reported at 288 THA, independent sources indicate that planted area will be almost 10 THA less.

According to official announcement, production of seed cotton is expected to be 550 TMT, however unofficial sources believe production will be 40 TMT lower. Lint production is forecast at 160 TMT.

Official 2004 production data for seed cotton have been slightly lower than originally reported and is almost 10% lower than the state plan. Lint production was 173 TMT in MY 2004/05 tons towards the higher end of the forecast. This was due to exceedingly good weather conditions through the middle of November, allowing harvesting to continue later than normal. The average yield in Tajikistan is 1.8-1.9 tons per ha (seed cotton). Last year's crop was on average about 14-20 days earlier than in 2003.

Table 1: Cotton, Production, Supply and Demand

| Tajikistan, Republic of Cotton | | | | | | | |
|-----------------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|------------|
| | 2003 | Revised | 2004 | Estimate | 2005 | Forecast | UOM |
| | USDA Official [Old] | Post Estimate [New] | USDA Official [Old] | Post Estimate [New] | USDA Official [Old] | Post Estimate [New] | |
| Market Year Begin | | 08/2003 | | 08/2004 | | 08/2005 | MM/YYYY |
| Area Planted | 0 | 0 | 0 | 0 | 0 | 0 | (HECTARES) |
| Area Harvested | 285000 | 285000 | 290000 | 290000 | 0 | 288000 | (HECTARES) |
| Beginning Stocks | 28740 | 11000 | 34183 | 19000 | 45069 | 17000 | (MT) |
| Production | 169827 | 162000 | 174181 | 173000 | 0 | 160000 | (MT) |
| Imports | 0 | 0 | 0 | 0 | 0 | 0 | (MT) |
| MY Imp. from U.S. | 0 | 0 | 0 | 0 | 0 | 0 | (MT) |
| TOTAL SUPPLY | 198567 | 173000 | 208364 | 192000 | 45069 | 177000 | (MT) |
| Exports | 136079 | 133000 | 130636 | 160000 | 0 | 152000 | (MT) |
| USE Dom. Consumption | 28304 | 21000 | 32659 | 15000 | 0 | 15000 | (MT) |
| Loss Dom. Consumption | 0 | 0 | 0 | 0 | 0 | 0 | (MT) |
| TOTAL Dom. Consumption | 28304 | 21000 | 32659 | 15000 | 0 | 15000 | (MT) |

| | | | | | | | |
|--------------------|--------|--------|--------|--------|---|--------|------|
| Ending Stocks | 34183 | 19000 | 45069 | 17000 | 0 | 10000 | (MT) |
| TOTAL DISTRIBUTION | 198566 | 173000 | 208364 | 192000 | 0 | 177000 | (MT) |

Cotton is grown entirely on irrigated land using Soviet-style land management practices. This has led to soil compaction and salinity problems in some areas and reduced production. Because of the value of cotton in Tajikistan as an export crop and hard currency earner, most Tajik farmers do not rotate crops. This has also led to deterioration in soil conditions.

Production Inputs

Most machinery has been inherited from the Soviet era, which lack spare parts. Often times, inputs like fertilizers, herbicides and fuel are not available in a timely manner and in adequate supplies. There are approximately 26 gins owned by "investors" in Tajikistan. These gins can process anywhere from 15 TMT to 50 TMT a season. However, most gins are working at less than 50% capacity. Most of this equipment is Russian or Soviet made. Tajik farmers, who rarely if ever, own the land they are working must repay inputs provided by investors in cotton production. Inputs are often costly and farmers are generally unaware of cost structures. As a result, farmers' incomes are notoriously low.

Consumption

The Tajik textile industry consumes about 10 – 12 % of total production. Tajikistan has a small textile industry but cotton is primarily made into yarn, again for export. Local consumption is estimated at about 25,000 tons of fiber cotton. The Tajik textile industry is mainly located in the northern part of the country. Textile production has not significantly changed in Tajikistan since last year.

Trade

MY 2005/06 exports are forecast slightly lower this year compared with last year due to slightly reduced production. Russia remains the primary importer of Tajik cotton, with about a 30% share of the market. The remaining quantities are exported to Europe and South Asia. The majority of Tajik cotton is sold through brokers in Switzerland and shipped through Latvia for other destinations. Tajik cotton will often be found in Asian markets including Korea, Thailand and Vietnam as well as Pakistan and Bangladesh.

Table 2: Export Trade Matrix

| Tajikistan, Republic of Cotton | | | |
|-----------------------------------|---------|--------|---------|
| Time Period | CY 2003 | Units: | CY 2004 |
| Exports for: | | | |
| U.S. | | U.S. | |
| Others | | Others | |
| | | | |
| Russia | 29000 | | 33500 |
| Latvia | 32000 | | 30000 |
| Switzerland | 48000 | | 45000 |
| | | | |
| | | | |
| Total for Others | 109000 | | 109000 |
| Others not Listed | 24000 | | 51000 |
| Grand Total | 133000 | | 160000 |

Stocks

There are no official reports regarding Tajikistan's cotton stocks.

Policy

The government is demanding more land planted with cotton in 2005. However, investor companies do not provide inputs in a timely manner, which puts farmers in a very poor position. The Tajik government controls all cotton exports and prices. The government-controlled commodity exchanges set prices for trading companies ensuring that more profits go to the government.